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## CURRENT SUPPORT BRIEF

SCARE-BUYING IN POLAND

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## C-O-N-F-I-D-E-N-T-I-A-L

SCARE-BUYING IN POLAND

During August and September, widespread scare-buying erupted in Poland, touched off by the intensification of the Berlin crisis. The scare-buying spread from area to area, quickly emptying retail stores of sugar, salt, flour, soap, and other nonperishables. The regime reacted calmly but resolutely, assuring the population that hoarding was unnecessary and galvanizing the trade network into around-the-clock efforts to replenish supplies in the stricken areas. By October, popular realization that trade supplies of most nonperishables were plentiful, combined with some easing of the general war scare, had led to a subsidence of scare-buying.

Stockpile buying of nonperishables was reported in some Polish communities by mid-August, following the news of the worsening of the Berlin crisis. Word of Soviet resumption of nuclear testing, which coincided with the September 1 payday for workers, carried the scare-buying to near-panic proportions. The scare-buying spread in an irregular pattern -- Warsaw was hardest hit during September 8-13 -- often following in the wake of rumors of impending government restrictions on buying. Retail food sales rose by one-third during mid-August to mid-September (compared to the comparable 1960 period), in contrast to a rise of only 5.5 percent during the first half of 1961. Sales of the sought-after articles -- generally sugar, salt, flour, rice macaroni, soap, and vegetable oils, but at times watches, cameras, and jewelry -- doubled and tripled in some communities for short periods of time.

This increase in consumer demand was supported by the high level of personal income in 1961. During the first 8 months the wage bill rose by nearly 10 percent and peasant income from farm deliveries by 14 percent. Moreover, bank savings, which have grown vigorously in recent years, were drawn upon. Net withdrawals from the General Savings Bank (PKO) during the 15 August to 15 September period exceeded 5 percent of total deposits.

The effective response of the regime to the scare-buying hastened the return of normal market conditions. Local officials were commissioned to crackdown on the blackmarketeering and to discourage hoarding by restricting store hours and the size of individual purchases. The population was repeatedly assured that wholesale stocks were ample and that local shortages would be shortlived. In most cases, heavily affected areas were restocked within a few days, as the domestic trade network put all of its own facilities on overtime and commandeered workers and vehicles from other sectors of the economy. Trade reserves of most of the commodities in great demand were ample, at least for a short-term emergency. Wholesale sugar supplies were in fact taxing storage capacity, because of recent bumper crops and the political obligation of importing sizeable quantities from Cuba. Flour supplies, on the other hand, were soon exhausted and were slow to recover because of limited processing facilities.

Gradually the scare-buying subsided, as the population came to realize that neither war nor major restrictions against purchasing were impending. The economy, which has been expanding smoothly in 1961, seems to have suffered no substantial damage from the buying spree. Wholesale inventories of nonperishables may soon return to normal levels, as the population utilizes its household stocks of these items and turns its attention to "luxury purchases" for the

Christmas season. However, scare-buying, also evident in other satellites in recent months, probably would recur in Poland, should the international situation take another turn for the worse. Partly with this in mind, the regime appears to be tightening bank controls over enterprise wage expenditures, which have been running well above planned levels for most of the year.

Analyst: - [REDACTED]

Sources: State, Warsaw, dsp. 116, 115, 143 (Sept 22, 21; Oct 6) OUO.

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